Responsibility of Importers for Devaluation of Rupee

1184. SHRI G.G. SWELL:
SHRI CHIMANBHAI MEHTA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that forward contracts by importers including SBI that handle Petroleum Products import are responsible for further devaluation of Rupee;

(b) whether it is a fact that such importers deliberately put up the price of dollar in Indian market;

(c) whether Government propose to inquire about the conduct of SBI officials handling dollar payments for import of Petroleum products; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) to (d) The bulk of India's imports of petroleum products is canalised through the Indian Oil Corporation on behalf of which the SBI and other banks effect foreign exchange purchases from the market. The recent volatility in the exchange rate of the rupee gave rise to a spurt in demand for forward dollars as importers in general, have increasingly sought to cover their contracts. This has caused a sharp rise in the forward premia. However, for forward rates to influence the future spot rates, it is necessary for the foreign exchange market to be efficient. The Indian foreign exchange market being thin and segmented with weak linkages with financial markets both at home and abroad, the forward exchange rate of the rupee does not provide a satisfactory prediction of the future behaviour of the spot exchange rate. In the recent weeks, contrasting movements have been observed in the two sections of the foreign exchange market. Forward premia have been rising while simultaneously there has been a distinct strengthening of the rupee in the spot market.

Foreign Exhange Reserve

1185. SHRI JANARDAN YADAV: Will the Minister of FINANCE be pleased to state:

(a) the broad constituents of the foreign exchange reserve at present;

(b) how much of this reserve was invested by the Reserve Bank of India during the three years and what are the details thereof; and

(c) what is the impact on the prices due to the non-utilisation of this reserve for productive works?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBIPROSAD PAL): (a) The foreign exchange reserves of India comprise the foreign currency assets of the Reserve Bank of India (RBI), gold held by the RBI and Special Drawing Rights (SDRs).

(b) The entire foreign currency assets of the RBI are invested in a diversified portfolio consistent with the restrictions on selection of instruments suggested by the Reserve Bank of India Act, and ensuring the safety and liquidity of the foreign exchange reserves so invested.

(c) Increase in the net foreign currency assets of the RBI affect the increase in money supply which may normally lead to an increase in prices unless accompanied by a corresponding rise in domestic production. However, during 1993-95 alongwith significant improvement in the real GDP growth from about 5.0 per cent in 1992-93 and 1993-94 to 6.3 per cent in 1994-95, several measures were taken by the RBI to sterilise a part of the inflows and to contain the growth of money supply and the rate of inflation.

बैंकों द्वारा बकाया राशि की वसूली किया जाना

1186. **श्री सत्य प्रकाश मालवीय:**
श्री अनन्तराम जायसवाल:

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि:

(क) क्या उत्तर प्रदेश की विभिन्न औद्योगिक इकाइयों/कंपनियों पर राष्ट्रीयकृत बैंकों के अरबों रुपए बकाया हैं, यदि हां, तो तत्संबंधी ब्यौरा क्या है;